CANADA DRY

File

Annual Report Year Ended March 31, 1966

Give the gang our best – a highly versatile ad theme – promoted three popular Canada Dry mixers from early November to early January. It was used in full-page color ads in *Life*, *Look*, *Newsweek*, *Time*, and *The New Yorker*, in commercials on radio and television, and on billboards, transit cards, and display material. Public response was exceptional.

On the front cover – WINK, a beverage that captures the spirit of today's youth

Canada Dry Corporation Highlights

	March 31 1966	March 31 1965
Net Sales	$170,846,000	$146,684,000
Income Before Taxes	8,180,000	10,076,000
Federal and Foreign Income Taxes	3,988,000	4,923,000
Net Income	4,192,000	5,153,000
Special Item	203,000	213,000
Net Income and Special Item	4,395,000	5,366,000
Per Share of Common Stock*:		
Net Income	$1.69	$2.10
Net Income and Special Item	$1.78	$2.19
Dividends Paid on Preferred Stock	206,000	206,000
Dividends Paid on Common Stock	2,357,000	2,357,000
Per Share	$1.00	$1.00
Working Capital	50,026,000	30,545,000
Stockholders' Equity	50,148,000	50,724,000
Number of Stockholders	16,588	17,412
Common Shares Outstanding at Year-End	2,357,139	2,356,862
Number of Employees	4,747	4,480

*On the basis of common shares outstanding at the year-end.

Notices to Stockholders The annual meeting of stockholders of the Canada Dry Corporation will be held on Tuesday, July 19, 1966, at 2:00 p.m., in the Empire Room of The Waldorf-Astoria Hotel, 50th Street and Park Avenue, New York, N. Y. All stockholders are invited to attend.

This annual report is prepared for and submitted to the stockholders of the Canada Dry Corporation by order of the Board of Directors.

Contents

President's Letter to the Stockholders

Roy W. Moore, Jr.
President and Chief Executive Officer

Sales for the year ended March 31, 1966, reached record levels. They rose 16% above the previous year, totaling $170,846,374.

As part of a plan to increase our share of the growing markets for soft drinks and wines and spirits, the Board authorized the largest advertising and promotional expense in Company history with the result, as anticipated, that earnings for the year were reduced. The record sales performance and improved share of market are evidence that this was a good investment of current earnings.

Net income before special items was $4,191,941, or $1.69 per share, as compared with $5,153,322, or $2.10 per share, a year ago.

Total earnings including special items were $4,394,878 for the current year and $5,366,494 for last year, or $1.78 and $2.19 per common share, respectively.

In the United States and Canada, carbonated beverage sales reached an all-time high. International Division development continued on a rising trend. Wine and spirits sales were the best in Company history.

The largest part of U. S. Carbonated Beverage Division advertising and sales promotion increases was invested in WINK, which is now our second most popular beverage, after Ginger Ale and ahead of Club Soda. WINK is the largest selling grapefruit drink in the United States and has opened up new markets to Canada Dry and its franchised bottlers.

Johnnie Walker Red Label and Johnnie Walker Black Label were strongly supported with increased advertising. Once more their rate of growth far exceeded the U. S. growth rate for Scotch whisky.

Capital expenditures during the year approximated $5,000,000. They included completion of a new soft drink plant in Toronto, which is increasing operating efficiency and

improving our ability to meet the challenge of a booming Canadian economy.

We made a very substantial investment in production and automotive equipment. Our canning capacity in the United States was raised more than 40%.

The new wines and spirits bottling plant in Nicholasville, Kentucky, increased our productivity and improved our operating efficiency. To meet anticipated increases in demand, capacity for aging Canada Dry Bourbon was also expanded.

Meanwhile, our U. S. franchised bottlers invested nearly $10,000,000 in improved plant and equipment, and our broadening overseas markets were increased by fifteen new plants and four foreign countries.

Recognizing the likelihood of higher interest rates and anticipating needs for capital investment, increased liquor inventories, and working cash, the Company issued $20,000,000 in sinking fund debentures in the fall of 1965 at 4⅞%, prior to the rise in interest rates.

Early in 1966, upon the conclusion of an extensive study of alternative accounting methods, we obtained permission from the Internal Revenue Service to change our accounting for returnable containers from a retirement method to one which permits faster depreciation of these assets and improves cash flow.

We continued to experience satisfactory relations with our employees. Labor agreements that came up for renegotiation were settled with a minimum of work stoppages.

Your Company is in good condition to take advantage of expanding markets. It produces the fastest growing grapefruit beverage in the United States — WINK. Canada Dry is the world's largest producer of ginger ale. It continues to be the leading producer of club soda. It is the largest U. S. producer of quinine water. It has a very strong position in the wine and spirits market. And it is the U. S. importer of the largest selling Scotch whisky in the world — Johnnie Walker Red Label.

We look toward the future with confidence. Our sales are expected to reach new highs. We are continuing our drive for an increased share of the market, vital to the long-term interests of the Company and its stockholders. For this purpose, another record investment is being made in advertising and promotion.

The other members of the Board join me in extending thanks to our stockholders, our employees, our bottlers, and our distributors for their continued support.

By order of the Board of Directors,

June 14, 1966

U. S. Carbonated Beverage Division

Sales of this division continued to exceed the industry growth rate and to reach new records.

WINK Divisional progress was substantially helped by the success of WINK, a beverage that under its new name has become the second most popular product in the Canada Dry line. The largest selling grapefruit drink in the United States, it has opened up new markets to Canada Dry and its bottlers.

Developing WINK required extensive use of all advertising media—six national magazines, 159 newspapers, 446 radio stations, 62 television stations, 10,440 billboards, 4,350 car cards and similar notices, and 15 million pieces of point-of-sale material.

Flavors Sales of flavor beverages were up. Tahitian Treat showed the largest increase in the flavor category.

Ginger Ale Canada Dry Ginger Ale, popular both as a mixer and as a beverage, continued to increase its sales volume and maintained its position as the world's number one ginger ale.

Mixers Canada Dry Club Soda and Quinine Water continued to grow and to outsell similar products of any other U. S. manufacturer. Canada Dry Bitter Lemon, introduced in 1963, showed promise of becoming a substantial volume item.

Containers The Company's use of all soft drink containers has increased, but the growth rate has been greatest for cans and non-returnable bottles.

To take full advantage of the opportunities these various containers present, they have been aggressively marketed by Canada Dry and its bottlers. The Company's canning capacity has been increased more than 40%, and Canada Dry continues to be one of the largest producers of canned beverages in the industry.

It should be noted that the rising use of one-way containers (cans and non-returnable bottles) has greatly contributed to a marked increase in competition and to the development of private-label beverages on food-store shelves.

Costs Rising costs of raw materials, cartons, bottles, cans, and manpower have affected the division. It is expected that growing sales volume and improved operating efficiencies will serve to offset these added costs and that the division will continue to operate productively and profitably.

New Advertising The record advertising budget of the year under review will be exceeded this year. In the spring and early summer, full-color network television spots in prime time on major shows will be used to a substantial extent.

Full-color ads in *Life*, *Look*, *The New Yorker*, *Sports Illustrated*, and *Time* will vividly present Canada Dry products to the public throughout the year.

In this campaign, WINK and Ginger Ale will be featured. Ginger Ale will receive increased emphasis, as a beverage to be drunk cold and straight from the bottle. Quinine Water and Bitter Lemon ads will run in cartoon style in *The New Yorker*

A SENSATION AT THE FAIR, even as it was being introduced across the nation, WINK was officially named "The World's Fair Drink." From the 50 states and 60 foreign countries, visitors flocked to the Canada Dry Exhibit to sample WINK. 700,000 free samples were dispensed.

from May through August, with an additional placement in *Life* in November.

A "holiday mix" ad, displaying Ginger Ale, Club Soda, Quinine Water, and Collins Mixer, will appear widely in November and December.

This national campaign will be in addition to a broad-range use of regional and local media concentrating public attention on the full line of Canada Dry carbonated beverages.

Outlook The new fiscal year is expected to be one of all-round improvement with sales increases substantially greater than those of the industry.

FIRST SAMPLE OF CANADA DRY ASTRONAUT WATER being presented to U. S. Senator Clinton P. Anderson, Chairman of the Committee on Aeronautical & Space Sciences, by John L. Murphy, Vice President of Quality Control. Canada Dry began supplying water for men and systems in space with the launch of the Gemini 8 capsule.

GREATER EFFICIENCY AND PRODUCTIVITY have been provided by these high-speed bottling and can lines at the new plant in Toronto.

Canada Dry Limited (Canada)

Divisional sales in the 12 months ended March 31, 1966, reached a new high and their growth rate exceeded that of the expanding Canadian soft drink industry.

New Plant and Equipment To help satisfy increasing demand for Canada Dry beverages in Canada, a new multi-million-dollar Toronto plant went into operation in early summer—its high-speed bottling and can lines bringing increased operating efficiency and greater marketing opportunity. Substantial additions and replacements were made in the automotive fleet.

Cans With the installation of a new can line, the division was able to market canned soft drinks more broadly, and with aggressive promotion to increase their sales greatly.

Product Sales During 1965, Canadians enjoyed more Canada Dry Ginger Ale than ever before, in keeping with a tradition dating back to 1907, when J. J. McLaughlin created Pale Dry Ginger Ale in Toronto. They also consumed greater amounts of the other Canada Dry mixers—Club Soda, Quinine Water, Bitter Lemon, and Collins Mixer.

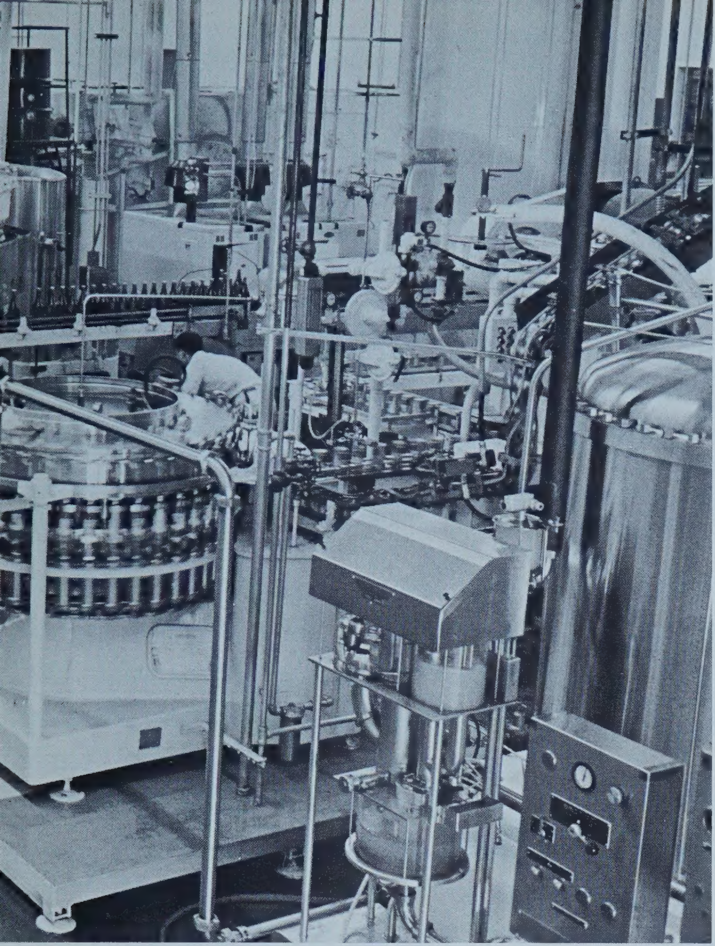
Tahitian Treat, introduced in Canada in 1965, gained immediate popularity and became the best selling item in the Company's flavor line.

Costs Rising manpower costs and the increased price of everything from raw materials to labels, containers, and boxes had their effect on divisional earnings.

Outlook Ginger Ale, the strongest item in the Canadian line, will receive heavy advertising and promotional support in the coming year. WINK, test marketed in Canada last year, will be introduced on a wide scale and with substantial marketing support.

Canada Dry Limited sales are again expected to rise faster than the industry, and canned sales to increase significantly.

NEW TRANSPORTATION EQUIPMENT, like this immense trailer, extends the market serviced by Canada Dry's new plant in Toronto.



Canada Dry International

The International Division continued to increase its sales throughout the world and to further expand its franchised operations. Fifteen licensed plants and four countries were added to the worldwide scope of the division, which now covers locations in 63 countries.

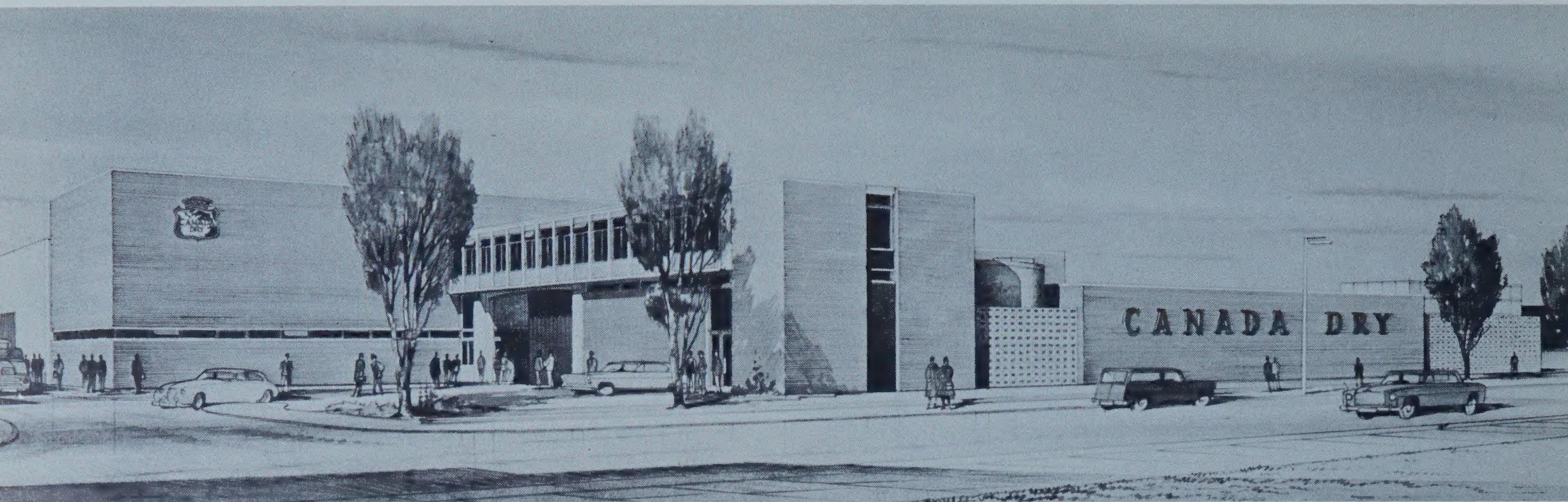
New Plants Four in South America: Río Negro, Mar del Plata, and Villaguay, in Argentina; and Nickerie, in Surinam.

Six in Africa: Nova Lisboa, in Angola; Nampula and Quelimane, in Mozambique; Windhoek, in South-West Africa; Barberton, in the Republic of South Africa; and the British Crown Colony of Mauritius, off Madagascar.

Five in the Middle East and Asia: Tabriz, in Iran; Baghdad, in Iraq; Karachi, in Pakistan; and two in the British Crown Colony of Hong Kong.

Decentralization Throughout the year, divisional sales and marketing headquarters located in Buenos Aires, City of

CANADA DRY (U K) LTD. LORRIES are a familiar sight in Piccadilly Circus. Here, one such lorry heads back to the plant after deliveries.



MOST MODERN SOFT DRINK PLANT IN THE U.K. is being constructed near London by Canada Dry (U K) Ltd. It will almost double this franchised bottler's soft drink production in the London area.

Panamá, Mexico City, Miami, Offenbach, Beirut, Johannesburg, and Manila materially added to the division's capacity to successfully meet its special growth opportunities in widely separated parts of the world.

In Japan, a change in the licensing arrangements has opened the way for the addition of new Canada Dry licensed plants in that country.

Plans recently completed to move the Far East headquarters from Manila to Hong Kong, early in the new fiscal year, are expected to broaden still further divisional opportunities for expansion in the East.

Costs Advertising and promotional expenses were increased substantially, and the many costs connected with a continuing program of expansion were higher.

Production The division produced 36 basic soft drink flavors; and, counting formulas specially adapted to the preferences of local areas, almost 100.

The number of extract laboratories remained at five, at locations in Mexico, Germany, Bermuda, Argentina, and Chile. Each of these laboratories contains quality control facilities for testing bottlers' products, as does each of the divisional headquarters.

Cans Anticipating a new marketing trend, the Canada Dry bottler in the United Kingdom has introduced its products in cans. This practice is expected to spread rapidly.

Outlook The division will continue to face currency problems and import restrictions. Expansion of existing markets and continued development of new markets will require a larger overseas organization and increased investment in advertising and promotion. Sales are expected to continue upward.

THE CENTRALIZED BOTTLING AND SHIPPING permitted by the new bottling plant at Nicholasville, Kentucky, lowers costs, facilitates carload shipments, makes Canada Dry an even stronger competitor.

WAREHOUSE CAPACITY FOR AGING BOURBON was expanded 20% at Nicholasville to meet projected demand for Canada Dry Bourbon, and several projects were initiated to increase production.

Wine and Spirits Division

The Wine and Spirits Division had the greatest year in its history in dollar sales and cases sold. All main product lines were up substantially.

Johnnie Walker Sales of Johnnie Walker Red Label, the world's largest selling Scotch, reached an all-time high.

As a consequence of sales growth in the United States and the rest of the world, John Walker & Sons, Ltd., announced an $11,200,000 expansion of its facilities in Kilmarnock, an expansion that will double the blending and bottling capacities there and make the Kilmarnock complex the largest of its kind in Scotland.

Canada Dry Bourbon Sales of Canada Dry Bourbon also reached a new high. Warehouse capacity for aging Bourbon was expanded 20% at the Company distillery in Nicholasville, Kentucky, and several projects were initiated to prepare the way for the further expansion of Bourbon production.

The new modern multi-line bottling plant at Nicholasville bottles not only Canada Dry Bourbon but also Canada Dry Gin, Canada Dry Vodka, Crawford's Scotch, and the Pedro Domecq brandies. All of these products, through increased sales volume, contributed to the division's fine year.

Advertising Advertising and promotional support for the division's line of wines and spirits reached a new high. This included a record increase for Johnnie Walker Scotch whiskies.

Merchandising The Canada Dry wine and spirits sales organization completed a special training program for key personnel initiated two years ago. The program, under the auspices of John Walker & Sons, Ltd., covered every aspect of producing Scotch from malting barley to preparing cases for shipment and has helped contribute to the successful merchandising of Johnnie Walker Red Label and Johnnie Walker Black Label in the United States.

Outlook During the new year, Canada Dry will again invest heavily in advertising. Johnnie Walker Red Label Scotch whisky will receive $4,000,000 in support — the largest amount ever to be placed in support of a single Scotch whisky in a year's time in the history of the liquor business. In the year ahead, the division is expected to exceed its record performance of the past fiscal year.

Consolidated Balance Sheet

Assets

	March 31 1966	March 31 1965
Current Assets:		
Cash	$ 3,981,451	$ 4,554,894
Short-term securities — at cost plus accrued interest	21,416,748	5,280,831
Trade receivables (less allowances for doubtful accounts — 1966, $312,725; 1965, $318,686)	17,023,958	15,461,633
Other receivables	717,868	645,584
Inventories — at cost, not in excess of market:		
Materials and supplies (average cost)	5,840,904	5,198,921
Carbonated beverages and resale extracts (average cost)	2,866,300	2,694,535
Liquors and wines (cost on "first-in, first-out" basis):		
In bond (subject to taxes payable on withdrawal)	7,908,321	6,696,981
Out of bond	2,295,644	1,597,105
Merchandise for resale	319,252	279,214
Total current assets	62,370,446	42,409,698
Property, Plant and Equipment — at cost:		
Land	1,184,368	1,274,397
Buildings, machinery, equipment, etc. (less accumulated depreciation and amortization — 1966, $20,373,900; 1965, $19,256,970)	21,969,454	20,581,568
Containers — including estimated quantities in hands of customers (1966, less accumulated depreciation, $10,784,158; 1965, less reserve equal to 50% of cost of cases, $4,141,849)	12,625,595	17,009,053
Property, plant and equipment — net	35,779,417	38,865,018
Other Assets:		
Deposits receivable from customers on returnable containers — estimated	2,200,000	1,928,000
Deferred — reductions applicable to future income tax payments	2,133,209	—
Prepaid expenses, deferred charges, etc.	3,989,021	2,745,235
Goodwill, trademarks, etc.	1	1
Total other assets	8,322,231	4,673,236
TOTAL	$106,472,094	$85,947,952

Reference is made to the Notes to Financial Statements.

Liabilities

	March 31 1966	March 31 1965
Current Liabilities:		
Accounts payable	$ 6,512,482	$ 5,025,068
Dividends payable	640,755	640,680
Notes due within one year	110,120	63,700
Federal and foreign income taxes	1,262,868	2,937,634
Other taxes	1,288,109	1,284,174
Salaries, wages, interest, and other accruals	2,530,404	1,913,431
Total current liabilities (exclusive of an indeterminable amount of container deposits which will be currently returned to customers — see below)	12,344,738	11,864,687
Liability to Customers for Deposits on Returnable Containers — estimated	5,250,000	4,675,000
Long-Term Debt:		
4⅞% Sinking Fund Debentures due October 1, 1990 (sinking fund requirements begin in 1972)	20,000,000	—
4% Twenty-Year Sinking Fund Debentures due June 1, 1976, $530,000 redeemable annually	7,588,000	8,283,000
4¾% Convertible Subordinated Debentures due July 1, 1981 (sinking fund requirements begin in 1971)	7,093,900	7,102,500
4% Notes due $63,700 annually to July 1, 1969	191,100	254,800
Total long-term debt	34,873,000	15,640,300
Deferred Income Taxes	3,856,400	3,044,000
Capital Stock and Surplus:		
Capital stock:		
Preferred — authorized 58,012 shares without par value; issued and outstanding, 48,441 shares of $4.25 cumulative series (voting); at preference on liquidation, $100 a share	4,844,100	4,844,100
Common — authorized 3,000,000 shares par value $1.66⅔ a share; shares issued and outstanding — 1966, 2,357,139; 1965, 2,356,862	3,928,565	3,928,103
Capital surplus	8,348,001	8,340,536
Earned surplus	33,027,290	33,611,226
Total capital stock and surplus	50,147,956	50,723,965
TOTAL	$106,472,094	$85,947,952

Statement of Consolidated Income

	For the Years Ended March 31 1966	1965
Net Sales	$170,846,374	$146,684,069
Cost of Goods Sold	92,384,208	75,726,911
Gross Profit on Sales	78,462,166	70,957,158
Advertising, Selling, Distributing, and General and Administrative Expenses	69,442,869	60,329,275
Operating Income	9,019,297	10,627,883
Other Income — net	234,014	147,234
Total	9,253,311	10,775,117
Deduct — Interest on Long-Term Debt	1,072,928	698,349
Income Before Income Taxes	8,180,383	10,076,768
Provision for Income Taxes:		
Current:		
Federal	2,646,482	3,973,088
Foreign	274,960	611,358
Deferred:		
Federal	911,000	264,000
Foreign	156,000	75,000
Total	3,988,442	4,923,446
Net Income	4,191,941	5,153,322
Special Item — net gain arising from sale of property	202,937	213,172
Net Income and Special Item	$ 4,394,878	$ 5,366,494

Statement of Consolidated Earned Surplus

	For the Year Ended March 31 1966
Balance at Beginning of Year	$33,611,226
Net Income and Special Item	4,394,878
Total	38,006,104
Deductions:	
Cash Dividends:	
Preferred Stock, $4.25 a share	205,880
Common Stock, $1.00 a share	2,357,075
Adjustment arising from the change in accounting for containers as of April 1, 1965 — net	2,415,859
Total	4,978,814
Balance at End of Year	$33,027,290

Reference is made to the Notes to Financial Statements.

Notes to Financial Statements

Principles of Consolidation All subsidiaries, each of which is wholly owned, are included in the financial statements.

As to foreign subsidiaries, current and other assets and liabilities are stated at rates of exchange prevailing at March 31, 1966. Property, plant and equipment are stated at rates of exchange in effect at dates of acquisition. Sales and earnings are stated at monthly average rates of exchange.

Net assets located outside the United States, principally Canada, were $10,549,000 at March 31, 1966.

Containers On March 31, 1966, the Internal Revenue Service granted the Corporation permission to change its method of accounting from the retirement method to a method of depreciation using a life expressed in terms of years beginning with the taxable year ended March 31, 1965. Accordingly, the depreciation method was also adopted for financial accounting purposes as of April 1, 1965.

Prior to the change, income was charged and a deduction was allowed for tax purposes for the cost of those containers which it was estimated would not be returned by customers, less deposits thereon, together with those retired or otherwise disposed of, less sales proceeds, if any. Also, for financial accounting purposes, a reserve (unallowable for tax purposes) equal to 50% of the cost of cases was provided; this reserve amounted to $4,141,849 at March 31, 1965. As a result of the change, income is charged with depreciation, as now permitted for tax purposes. The ruling allows the Corporation additional deductions from taxable income for the estimated accumulated depreciation applicable to containers over the remaining useful lives of the respective containers.

The effect of the change to depreciation accounting is to increase net income by $132,000 for 1966 and to decrease earned surplus as of April 1, 1965 by $2,415,859 in order to accumulate depreciation (opening reserve) applicable to containers on hand as of that date. This latter amount is after estimated tax benefits of $3,832,803 (United States only) and after restoring the reserve for cases, $4,141,849, which was established in prior years.

Property, Plant and Equipment Depreciation of fixed assets (including $4,947,668 for containers) was $7,932,895 for 1966, compared with depreciation of $2,567,560 and container expense, gross, of $5,382,921 for 1965.

Income Taxes As a result of the change in accounting for returnable containers, Federal income tax payments will be reduced by $3,832,803. Of this amount, $1,699,594 has been applied in reduction of the amount payable as of March 31, 1966; the remainder will be applied against amounts payable in future years.

During the year, the Internal Revenue Service completed its examination of the Corporation's tax returns from 1959 through 1963; such examination resulted in the assessment of deficiencies aggregating $725,000. Provisions had been made therefor in prior years except for $145,000 which was provided from income in the current year.

Federal income taxes have been reduced by $222,500 representing the investment credit allowable as a result of purchases of certain depreciable property. For 1965, the comparable credit was $194,700.

Excise Taxes Net sales and cost of goods sold include excise taxes and duties of $21,837,164 and $18,127,281 for 1966 and 1965, respectively.

Long-Term Debt The 4⅞% debentures are redeemable at the option of the Corporation, in whole or in part, at any time, subject to a redemption premium if redeemed prior to October 1, 1985. A sinking fund requirement beginning in 1972 is designed to retire about 90% of the issue prior to maturity.

The sinking fund requirement of the 4% debentures due June 1, 1976 has been met for 1966 and $172,000 is being held for future requirements.

Of the authorized but unissued common stock, 244,617 shares were reserved at March 31, 1966 for conversion of the Corporation's 4¾% debentures (convertible into common stock at $29 a share through July 1, 1981, subject to adjustment in certain events). A sinking fund requirement commencing in 1971 is designed to retire 60% of the debentures prior to maturity.

The Indentures under which the 4⅞% sinking fund and 4¾% convertible debentures were issued contain restrictive covenants which among other things limit the availability of surplus for the payment of dividends on common stock. Under the most restrictive of these provisions, consolidated earned surplus free of such restriction at March 31, 1966 was approximately $5,936,000. There are no restrictions on the payment of dividends on preferred stock.

Capital Surplus The increase of $7,465 in capital surplus represents the excess over par value ($1.66⅔ a share) of 277 common shares issued in conversion of subordinated debentures at $29 a share.

Retirement Plan The Corporation has a non-contributory retirement plan and its Canadian subsidiary has a contributory plan which cover all employees who have reached thirty years of age and completed three years of service (except those employees of the Corporation who are members of collective bargaining units who have elected not to accept the plan). An employee otherwise qualified under the plans becomes eligible for normal retirement benefits upon reaching sixty-five.

During the year, operations were charged $465,744 for contributions to the funds. The unfunded past service cost at March 31, 1966 was actuarially estimated to be $207,400.

Long-Term Leases Eleven plants (eight of which were formerly owned) are occupied under leases of land and buildings which provide for current aggregate annual rentals of $628,000 and successive renewal options for varying periods commencing 1967-80 at substantially lesser aggregate annual rentals, the Corporation also paying taxes, insurance, and maintenance and repairs under these leases. Other long-term leases, including those for two plants, have aggregate annual rentals of $424,800, and expire from 1968 to 1973 (the major expiration being $262,700 in 1970).

Commitments and Contingent Liabilities The Corporation is contingently liable for discounted notes receivable and as guarantor of bank loans made to licensed bottlers to finance their purchases of vending machines, bottles, and cases. It is also contingently liable with respect to conditional sales contracts and other similar title-retention agreements arising from the sale of vending machines. These instruments have been sold to banks, and in the event of default by the customer, are subject to repurchase by the Corporation. At March 31, 1966, the above-mentioned contingent liabilities amounted to $502,000.

During the year, the Corporation executed contracts for the construction and acquisition of additional plant facilities. At March 31, 1966, commitments were outstanding for $342,000 under these contracts.

Accountants' Opinion

To the Stockholders and Board of Directors of Canada Dry Corporation:

We have examined the consolidated balance sheet of Canada Dry Corporation and subsidiary companies as of March 31, 1966 and the related statements of consolidated income and consolidated earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and consolidated earned surplus present fairly the financial position of Canada Dry Corporation and subsidiary companies at March 31, 1966 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied (except for the change, which we approve, in accounting for containers as explained in a note to the financial statements) on a basis consistent with that of the preceding year.

Haskins & Sells

New York, June 6, 1966

Board of Directors

ROY W. MOORE, JR.	President and Chief Executive Officer
JAMES S. ADAMS	General Partner, Lazard Frères & Co.
EDWIN F. BLAIR	Partner, Hughes, Hubbard, Blair & Reed
ROY W. MOORE	Chairman of the Board
DONALD C. POWER	Chairman of the Board, General Telephone & Electronics Corporation
NORTON SIMON	Director and Chairman of the Finance Committee, Hunt Foods and Industries, Inc.
EUGENE W. STETSON, JR.	Chairman of the Executive Committee, Winslow, Cohû & Stetson Incorporated
RICHARD H. WEST	Chairman of the Executive Committee of the Board of Directors, Irving Trust Company, New York

Officers

ROY W. MOORE, JR.	President and Chief Executive Officer
JOHN W. RED, JR.	Executive Vice President
J. WILLIAM REILLY	Vice President and Secretary
LAWRENCE S. SAYLOR	Vice President, U. S. Carbonated Beverage Division
PAUL J. BURNSIDE	Vice President, Wine and Spirits Division
C. E. VAN ANGLEN, JR.	Vice President, International Division
V. VINCENT BAKER	Vice President, Manufacturing and Transportation
WILLIAM S. BROWN	Vice President, Market Planning and Analysis
PRESCOTT H. LITTLEFIELD	Vice President, Administrative
JOHN L. MURPHY, JR.	Vice President, Quality Control
HERBERT D. SMITH	Vice President, U. S. Carbonated Beverage Division – Sales
MICHAEL J. SOTAK, JR.	Vice President, Wine and Spirits Division – Production
MORTIMER JENSEN	Treasurer and Controller
CARL BRODY	Assistant Treasurer
JAMES COLBOURNE	Assistant Controller
MICHAEL W. McCAFFREY	Assistant Secretary
EDITH S. SCHLEICHER	Assistant Secretary

17

Transfer Agent	For Common and Preferred Stock: Morgan Guaranty Trust Company of New York, New York, N. Y.
Registrar	For Common and Preferred Stock: Chemical Bank New York Trust Company, New York, N. Y.
Executive Office	Canada Dry Corporation, 100 Park Avenue, New York, N. Y. 10017
Registered Office	Canada Dry Corporation, 1 Exchange Place, Jersey City, New Jersey

PRINTED IN U. S. A.

Canada Dry's popular line of wines and spirits

Established 1730
IMPORTED
Pedro Domecq
FUNDADOR
BRANDY
Pedro Domecq
ESTABLISHED 1730
THREE SWALLOW
JOHN POWER & SON
LIMITED
DUBLIN
BLENDED IRISH WHISKEY
AMERICA'S FINEST
GIN
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